United Nations DP/2015/24

Executive Board of the United Nations Development Programme, the United Nations Population Fund and the United Nations Office for Project Services

Distr.: General
7 July 2015

Original: English

Second regular session 2015
31 August to 4 September 2015, New York
Item 1 of the provisional agenda
Organizational matters

Report of the annual session 2015 (1 to 9 June 2015, New York)

Contents

Chapter		Page
I.	Organizational matters	2
	UNDP segment	
II.	Statement by the Administrator and annual report of the Administrator	2
III.	Gender in UNDP	4
IV.	Human Development Report	5
V.	Country programmes and related matters	6
VI.	Evaluation	7
VII.	United Nations Capital Development Fund	10
	UNFPA segment	
VIII.	Statement by the Executive Director and annual report of the Executive Director	11
IX.	Evaluation	13
X.	Country programmes and related matters	14
	UNOPS segment	
XI.	Statement by the Executive Director and annual report of the Executive Director	15
	Joint segment	
XII.	Internal audit and oversight	16
XIII.	Reports of the UNDP, UNFPA and UNOPS ethics offices	19

15-11499 (E) 290715

Please recycle

I. Organizational matters

1. The annual session 2015 of the Executive Board of UNDP, UNFPA and UNOPS was held at United Nations Headquarters in New York from 1 to 9 June 2015.

2. The Executive Board approved the agenda and workplan for its annual session 2015 (DP/2015/L.2), and approved the report of the first regular session 2015 (DP/2015/9).

3. Decisions adopted by the Executive Board at the annual session 2015 appeared in document DP/2015/25, available on the Executive Board website.

4. The Executive Board agreed in decision 2015/15 to the following schedule for the remaining session of the Executive Board in 2015:

Second regular session 2015: 31 August to 4 September 2015

5. Delegations discussed the pros and cons of alternating the annual session venue between New York and Geneva. The Board took no decision on the venue of its annual sessions.

UNDP segment

II. Statement by the Administrator and the annual report of the Administrator

6. In her opening remarks to the Executive Board (available on the Executive Board website), the Administrator stressed that 2015 offered a once-in-a-generation chance to set a transformational development agenda. UNDP was committed to delivering on its strategic plan, 2014-2017, and driving forward the post-2015 development agenda. She drew attention to UNDP crisis response in countries from Nepal and South Sudan to the Syrian Arab Republic and Yemen, and highlighted UNDP work in Guinea, Liberia and Sierra Leone to fight Ebola. She underscored UNDP activities supporting 2015 global agreements and the post-2015 development agenda. UNDP was committed to leading the United Nations system in designing a post-2015 implementation strategy, MAPS, focused on *mainstreaming* the sustainable development goals (SDGs) in national planning, *accelerating* progress on goals and providing *policy and technical support* to programme countries.

7. The Administrator briefed the Board on corporate progress, described in her annual report on the strategic plan: performance and results for 2014 (DP/2015/11 and annexes), including the report card of performance against 2014 milestones. In 2014, UNDP had either met or exceeded most milestones. While UNDP pursued internal restructuring, making it fit-for-purpose, regular (core) funding had again fallen in 2014, exacerbated by unfavourable exchange rate fluctuations. UNDP was working to expand that base, aiming to double core contributors by 2018. She highlighted UNDP finalization of its South-South and triangular cooperation strategy by September 2015, and commitment to hosting the United Nations Office for South-South Cooperation.

8. UNDP remained committed to transparency and accountability, improving its information disclosure policy appeals process and publically disclosing its internal audit reports. UNDP was committed to its United Nations coordination role, co-chairing the United Nations Development Group (UNDG) Working Group on Sustainable Development, forging a successor facility to the Millennium Campaign for the post-2015 agenda, and engaging in Economic and Social Council dialogues on longer-term positioning of the United Nations development system. She drew attention to the UNDP report on the recommendations of the Joint Inspection Unit in 2014 (DP/2015/11/Add.1) and its statistical annexes (DP/2015/11/Add.2).

9. Board members commended the Administrator for her leadership and underscored the vital role UNDP played in helping to define the post-2015 development agenda, the SDGs and related financing agreements; they commended UNDP commitment to sustainable development pathways, inclusive and effective governance, and resilience-building. They encouraged UNDP to remain engaged with Member States throughout the process, especially with least developed countries (LDCs) and small-island developing states. They expressed strong support for UNDP early recovery and resilience-building work in humanitarian settings and fragile states, and commended it for its critical response to, among others, the earthquake in Nepal, the Syrian refugee crisis and the Ebola outbreak in West Africa.

10. Board members highlighted the importance of UNDP technical expertise, leadership and innovative approaches, especially in: galvanizing global action around the post-2015 agenda through the My World survey and country consultations; linking development and humanitarian responses and building resilience to natural disasters; building LDC climate change adaptation and mitigation capacities; promoting governance and human rights through long-term focus on root causes; and shaping the United Nations system to make it fit-for-purpose. They requested clarity on reported falling partner satisfaction with UNDP leadership of the resident coordinator system and expressed concern that decreasing core funding could jeopardize its level of commitment.

11. Delegations commended the annual report's quality and UNDP progress against strategic plan targets, especially rule of law, access to justice, gender-based violence, peaceful management of conflict, and social cohesion building in post-conflict, post-disaster settings. They encouraged UNDP to step up governance and basic service delivery. They were pleased with the strategic plan reporting format, the first based on the integrated results and resources framework: a step toward greater transparency and results-based management, together with the report card. They noted with satisfaction corporate improvements in results collection and reporting, and looked forward to seeing how future reports would demonstrate better quality assurance and streamlined country-level business processes. They encouraged UNDP to continue strengthening evidence-based reporting capacities, and looked forward to the robust integrated results and resources framework shaping programme decisions and the 2016 midterm review, enhancing further alignment between with the SDGs. They encouraged UNDP to play a capacity building role in monitoring, evaluation and accountability for country-level SDG implementation.

12. Delegations valued UNDP work and ability to flexibly respond to programme countries' needs, and ensure the United Nations system carried out assistance for the benefit of programme countries at their request and in accordance with nationally defined priorities. They expressed confidence UNDP would continue to apply a differentiated approach to programme country needs, including middle-income countries, grounded in national ownership and the quadrennial review of operational activities for development (General Assembly resolution 67/226), focused on poverty eradication and capacity development, helping countries to transition to the post-2015 agenda.

13. Board members raised concern over core resources' ongoing decline and its potential negative impact on programming, and underlined the need to correct the core/non-core imbalance. They encouraged all members to abide to commitments to predictable, unearmarked core funding, while encouraging emerging donors to contribute. Delegations stressed that resource allocation under programming arrangements be grounded in objective criteria, fair methodology and reliable, verified data, drawing on multidimensional measures of poverty and vulnerability and focused on countries most in need. They looked forward to exploring different options for quality funding during structured dialogue discussions in September 2015.

14. Board members placed high importance on UNDP engagement in Economic and Social Council dialogues on longer-term repositioning of the United Nations development system and its ability to address post-2015 challenges. They requested that UNDP set up a mechanism to allow space for technical meetings and workshops with Member States in parallel to the dialogues to foster exchange of views. They underlined the important UNDP role in promoting South-South and triangular cooperation and called on

UNDP to give the United Nations Office for South-South Cooperation increased human and financial resources.

15. Delegations commended the Administrator and Office of Human Resources for their management of the organizational restructuring, while encouraging them to ensure recruitment and performance management were effective and robust. They welcomed UNDP efforts to better align policies to programmes, reduce duplication, improve core enabling functions, shift to programme quality and delivery, and boost core capacity in priority areas, while underlining evaluation's key role. A group of delegations drew attention to the perceived staff imbalance between developed and developing countries in UNDP in the wake of the internal restructuring, and urged UNDP to ensure fair geographical representation.

16. In response, the Administrator underscored UNDP commitment to poverty eradication and readiness to provide better results information. UNDP relief-to-development work would greatly benefit from focused attention to crisis drivers, through disaster risk reduction and conflict prevention. A reconfigured UNDP and new crisis response unit guaranteed stronger rapid response to crisis. Gender equality was critical to development and a top UNDP corporate priority; she underscored the need for more gender-disaggregated data. UNDP had integrated quadrennial review reporting into its strategic plan and had set up a strong follow-up process. The new UNDP South-South strategy focused on South-South mainstreaming in programming and partnership reflection of South-South principles.

17. She reiterated UNDP commitment to a robust, independent evaluation function and drew attention efforts to shield the Independent Evaluation Office (IEO) budget from core-funding cuts. On core resource allocation based on differentiated country status, the Board had already adopted an approach in decision 2014/11; she urged that further discussion take place during the 2016 budget review. She highlighted that 90 per cent of core funding came from 22 Member States and required greater burden sharing. She provided the Board with figures indicating that staff geographical balance in regional offices and headquarters had tipped in favour of development country representation. UNDP had led the enhancement of the resident coordinator assessment centre, which included focused attention on greater gender balance and wider pool of agencies. In closing, she emphasized UNDP commitment to a strong ethics culture.

18. The Executive Board adopted decision 2015/7 on the report of the Administrator on the strategic plan: performance and results for 2014.

19. The Executive Board took note of the UNDP report on recommendations of the Joint Inspection Unit in 2014 (DP/2015/11/Add.1) and its statistical annex (DP/2015/11/Add.2).

III. Gender in UNDP

20. The Associate Administrator, UNDP, presented the annual report on the implementation of the UNDP gender equality strategy 2014 (DP/2015/2) and annexes.

21. Board members recognized the report's high quality, welcomed 2014 results and commended UNDP for the strategic plan's high level of gender mainstreaming and gender reporting, while showing potential future impact. They urged UNDP to continue to mainstream gender equality in all activities, and voiced strong support for gender tools, such as the gender seal, which UNDP should expand and export to other United Nations organizations.

22. Delegations welcomed the significant UNDP contribution to gender equality and women's empowerment, noting its gender marker results in early recovery, sustainable development, employment and social protection, but believed more could be done, especially reporting on the gender response to climate risk management. They looked forward to hearing more about the UNDP quality assurance policy

and mandatory gender screening processes. Noting country office progress on gender equality and women's empowerment, delegations requested clarification on achievements and where challenges remained. They noted with appreciation progress against 2014 milestones in gender-based violence, especially in crises and conflict.

23. Delegations recognized the Gender Team's work, asked UNDP to fill gender advisor positions in a timely manner and ensure country office gender capacity, as per decision 2014/1. They encouraged UNDP to reach the 15 per cent budget allocation for outcomes 2 and 3 on gender equality and women's empowerment, and requested regular updates on progress and recruitment of a dedicated gender advisor in countries with a portfolio exceeding $25 million; they sought an update on the launching of the flexible trust fund for gender equality and women's empowerment. They were pleased to see the gender equality report was consistent with United Nations system-wide action plan (SWAP) indicators. They recognized UNDP achievement of 80 per cent of gender results in 2014, and encouraged it to continue to provide information on scores against each indicator to identify challenges. They requested information on the assessment by the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women) of UNDP gender reporting.

24. Highlighting UNDP leadership's role in coordinating the resident coordinator system and its mandate, with UN-Women, to strengthen gender equality within the United Nations system, delegations stressed the importance of coordinating gender-related programming and technical assistance with other United Nations organizations. They asked that future annual reports reflect joint efforts on gender. While acknowledging UNDP efforts to balance corporate gender parity, especially at senior management and resident coordinator levels, they encouraged the entire United Nations system to do more.

25. A group of delegations stressed that UNDP did not have the mandate, as per its strategic plan, 2014-2017, to work with lesbian, gay, bisexual, transgender and intersex (LGBTI) persons, noting that LGBTI-related activities would be offensive to their societies' cultural values. Other delegations fully supported UNDP work with all vulnerable groups, including LGBTI persons, grounded in the post-2015 principle of universality, and encouraged it to do so at country level in agreement with the host government.

26. In response, the Associate Administrator, UNDP, highlighted that available SWAP scores provided details of UNDP successes and shortfalls: resource allocation, gender architecture and gender parity. On UNDP gender resource allocation, UNDP sought to refine its reporting to capture its gender work in outcomes where it was mainstreamed. She noted that UNDP was reviewing its approach to crisis response to ensure gender was addressed, and highlighted that the organization followed a human rights-based approach to development that encompassed all vulnerable groups without exception.

27. The Director, Bureau for Policy and Programme Support, UNDP, stressed that as per its mandate UNDP addressed all forms of discrimination and the protection of vulnerable groups, including LGBTI persons, and, at country level, in line with the principles of national ownership and always in agreement with the host government.

28. The Board took no decision on the annual report on the implementation of the UNDP gender equality strategy, 2014-2017 (DP/2015/12).

IV. Human Development Report

29. In line with General Assembly resolution 57/264, the Director, Human Development Report Office (HDRO), presented an update on consultations for the Human Development Report 2015, whose theme was 'work for human development'; he indicated that the 2016 theme would be 'revisiting human development concepts and measurements'.

30. The Board commended HDRO for its invaluable contribution to the global development debate and was pleased with the consultation process it undertook for the 2015 report. Board members looked forward to the annual publication, especially its analysis and findings focused on the important theme of 'work for human development'. Acknowledging that 2016 marked the report's 25th anniversary, the Board observed that the proposed 2016 theme, 'revisiting human development concepts and measurements', was timely and critical for the post-2015 development agenda and for assessing the SDGs. The Board sought clarification on the scope and focus of issues the 2016 report would address, highlighted its importance for the LDCs, particularly with regard to data, and requested HDRO help in building national statistical capacity. There was a call for greater complementarity and less discrepancy with national data.

31. In response, the Director, Human Development Report Office, indicated that in light of the global changes of the previous 25 years and a new development landscape, it was important to revisit both the notion and measurements of human development so that the report could continue to contribute to the evolving development debate and dialogue, reflect new realities, and provide tools to assess development outcomes. He mentioned that, within that larger scope, broad-based consultations with various actors would determine the themes and issues on which the report would focus. The 2016 Global Forum on Human Development would allow HDRO to obtain the vision, advice and guidance for the 2016 report.

32. The Executive Board took note of the oral report on consultations regarding the Human Development Report 2016 in accordance with General Assembly resolution 57/264.

V. Country programmes and related matters

33. On behalf of the Associate Administrator, UNDP, the Director, Regional Bureau for Africa, UNDP, introduced the item and presented the extensions of country programmes for the Democratic People's Republic of Korea, Ethiopia, Kyrgyzstan, Mozambique, United Republic of Tanzania and Yemen (DP/2014/13). The Deputy Regional Director, Regional Bureau for Europe and the Commonwealth of Independent States, presented the draft country programme documents for Armenia (DP/DCP/ARM/3 and Corr.1) and Turkmenistan (DP/DCP/TKM/2).

34. Observing it was fundamental that country programmes be aligned with national priorities and national programming cycles, one delegation noted that its Government had made the necessary arrangements to align the country programmes of UNDP and UNFPA with the country's national development plan, 2014-2018.

35. The Executive Board reviewed and approved, in accordance with its decision 2014/7, the country programme documents for Armenia and Turkmenistan. The country programme for Uganda (DP/DCP/UGA/3) scheduled for Board discussion and approval was withdrawn.

36. The Executive Board took note of the first six-month extension of the country programme for Ethiopia from 1 January to 30 June 2016; the first one-year extension of the country programme for the United Republic of Tanzania from 1 July 2015 to 30 June 2016; the first one-year extensions of the country programmes for the Democratic People's Republic of Korea, Mozambique and Yemen from 1 January to 31 December 2016; and the first one-year extension of the country programme for Kyrgyzstan from 1 January to 31 December 2017 (DP/2015/13).

VI. Evaluation

Revised evaluation policy

37. The Director, Independent Evaluation Office (IEO), UNDP, presented the revised UNDP evaluation policy (DP/2015/15); the Associate Administrator, UNDP, presented the vision on implementing the revised policy and professionalizing the decentralized evaluation function.

38. Board members expressed strong support for a robust evaluation function and appreciated UNDP development of the revised policy in close collaboration with Member States. They noted the new policy included many needed parameters – clear roles and responsibilities, appropriate checks and balances, proposals to strengthen decentralized evaluations, tighter management accountability chain – that guaranteed an effective evaluation function; they looked forward to its rapid operationalization. They strongly supported the operational independence of the IEO and underscored its need for sufficient resources and a costed work programme. They underlined that accountability, learning, impartiality, credibility and utility were the key principles of a robust evaluation function, and noted that, in a time of financial constraints, evaluations were more pertinent than ever, identifying where resources and activities had greatest impact. They encouraged UNDP to incorporate the policy revisions, including a costed work programme, in its budget processes to secure resources.

39. While recognizing the policy's improvements, some delegations stressed that a Board decision address the: (a) consensus on the IEO Director's appointment process; (b) target percentage for evaluation budget, similar to those of UNFPA and the United Nations Children's Fund (UNICEF) at 1-3 per cent of programme budget; and (c) costed multi-year strategy for strengthening decentralized evaluations within six months to ensure quality of decentralized evaluations.

40. A group of delegations stressed the importance of evaluation for learning and course correction, and made a number of recommendations: they recommended the revised policy stipulate that UNDP comply with evaluation report recommendations in a time-bound manner and its compliance reported to the Board. Management was called on to consult with the Board on recommendations it had not addressed. Stressing the critical importance of IEO operational independence, they also recommended the revised policy specify the Board's lead role in appointing the IEO Director and that the post's duration, renewal and reporting be brought under Board supervision, with the Board President having ultimate approval. Finally, they recommended the target percentage of the programme budget for evaluation be capped at 5-7 per cent, in line with international practices. The group stressed the revised policy should be finalized with urgency, reflecting Member States input, noting with concern that UNDP had not yet incorporated their recommendations.

41. Highlighting that postponing a decision on the revised policy would only hinder progress and be detrimental to programme countries, many delegations voiced strong commitment to approving the revised policy at the session. A group of delegations, however, requested UNDP conduct further consultations with Board members to reach consensus by end of June 2015 and the Board to defer adoption of a decision to the second regular session 2015. The President of the Board encouraged Board members to find common ground and reach consensus at the session.

42. In response, the IEO Director, UNDP, explained how UNDP had addressed the policy review's five elements. One, with regard to potential risk of compromised reliability of decentralized evaluations, the policy proposed separating payments, professionalizing the evaluation function, designing a decentralized evaluation strategy and having IEO independently assess decentralized evaluations for independence, credibility and utility. Two, there were no existing delays on independent evaluations owing to unreasonable disputes, a process for which UNDP had instituted a tracking and monitoring system, following IEO approval through to management response. Three, on lack of independent quality assurance of evaluations undertaken by associated funds and programmes, IEO had assumed responsibility to quality-assess United Nations Volunteers and United Nations

Capital Development Fund evaluations. Four, on updating the relevance of concepts, IEO had aligned them with United Nations norms and standards, adhering to international standards. Five, on IEO operational independence, UNDP had given the Board all details and clarifications for it to come to a decision.

43. The Associate Administrator, UNDP, underscoring the extensive consultations on the revised policy to date and information provided Board members, stressed the need to adopt a decision at the session. In the event of a deferral, UNDP was ready to continue discussions with Board members to strengthen the policy and move forward.

44. In view of the remaining disagreements and inability to reach consensus for a decision at the session, the Executive Board decided to withdraw the item on the revised UNDP evaluation policy (DP/2015/15) from the agenda of the Board session.

Annual report on evaluation

45. The IEO Director, UNDP, presented the annual report on evaluation 2014 (DP/2015/16 and Corr.1); the Associate Administrator, UNDP, followed with the management response.

46. Board members commended UNDP and IEO for adhering to highest quality standards when performing evaluations, which demanded high-quality human and financial resources, and drew attention to three issues. One, noting vacancies had impacted capacity, they urged IEO to fill outstanding posts and to pursue its professional development programme to boost staff skills. They sought clarification on consequences of the reduced budget and reiterated the need for a costed work programme. Noting the rise in country office evaluation capacity, they requested information on criteria used to designate monitoring and evaluation specialists. Two, on follow-up to evaluation findings, they acknowledged the new policy's requirement for management responses with time-bound actions but expressed concern with the large share of overdue planned actions. Urging effective quality assessments of decentralized evaluations, they were pleased to learn IEO had revised the evaluation methodology assessment guidance. Three, they called for better synchronization between country-level evaluations and assessments of development results (ADRs) to ensure updating of country programmes; they suggested UNDP and IEO develop a practical strategy for end-of-cycle country programme evaluations prior to Board submission of new country programmes. They encouraged UNDP and IEO to pursue joint evaluations with other United Nations organizations.

47. In response, the IEO Director noted on vacancies that IEO often lost staff due to recruitment by other international organizations, and in filling vacant posts had the difficult task of finding persons with independent evaluation expertise. While the incumbent Deputy Director had come on board on 1 May two senior posts were set to be vacant shortly. On the costed work programme, various budget and topic shifts forced delays in its completion; by the second regular session 2015 IEO would hold an informal to address evaluations IEO could or could not undertake, in light of budget constraints and need to ensure highest quality standards. On ADRs, full coverage implied undertaking 40 ADRs per year while IEO currently managed six to eight; reasons included delays in conducting stakeholder consultations. The new methodology would make performing ADRs quicker, at lower cost. On lessons learned, despite concerted efforts, joint evaluations were difficult and inherently caused delays owing to interagency coordination, but IEO would continue to engage with partners in joint undertakings.

48. The Associate Administrator, UNDP, assured delegations that UNDP was committed to complying with evaluation recommendations in a time-bound manner, and would submit the costed work programme at the second regular session 2015. UNDP management would work with IEO to analyse overdue recommendations and decide on appropriate actions.

49. The Director, Bureau for Policy and Programme Support, UNDP, assured delegations that UNDP had standard terms of reference for monitoring and evaluation specialists, tailored to country needs and

financial ability. Depending on years' experience and skills required, specialists were recruited at the P3 or equivalent national officer level, while sometimes also at the P4 or P5 and equivalent national officer levels. In all cases, candidates underwent rigorous recruitment that included academic credentials and familiarity with evaluation context. The terms of reference were annexed to the proposal to strengthen capacities for decentralized evaluations; and core resources played an important role in recruiting those with the right set of technical skills. He highlighted that the number of monitoring and evaluation specialists and policy advisors in UNDP had consistently increased in previous years in country offices and regional hubs. In 2014, many country offices had provided monitoring and evaluation training to staff and national counterparts, developed partnerships with government to strengthen national statistics, and increased investment in the monitoring and evaluation function.

Thematic evaluations

50. The IEO Director, UNDP, presented the evaluation of the contribution of global and regional human development reports to the public policy process (DP/2015/17), and the evaluation of the role of UNDP in supporting national achievement of the Millennium Development Goals (MDGs) (DP/2015/19). The Director, Bureau for Policy and Programme Support, UNDP, provided the respective management responses (DP/2015/18 and DP/2015/20).

51. Board members appreciated the evaluations and were encouraged by their recognition of UNDP thought leadership and high quality tools in support of MDG achievement. They welcomed recommendations to improve UNDP work and intentions to strengthen the development and application of lessons learned. They recognized UNDP success in placing the MDGs at the heart of the global development debate and supporting the production of 450 country reports. They noted that while crisis breakouts and other factors impeded full MDG integration in national development planning, there were non-implementation areas where UNDP could have made a difference; they recommended UNDP analyse the conditions conducive to policy implementation and use the findings for strategic decision-making.

52. They recognized evaluations' partnership analysis and sought UNDP views on how to enhance private sector partnerships, which were low, in order to strengthen future SDG achievement; they sought an update on UNDP work to create synergies with the regional commissions and the World Bank on statistics and data. While recognizing UNDP added value in supporting countries to produce national SDG reports, they indicated more time was needed to articulate its added value at regional and global levels, adding that recommendations on the UNDP post-2015 role were premature. They recognized there would be greater clarity on United Nations system role in the post-2015 run-up and urged greater collaboration among partners on the global agenda. They sought information on financial implications of UNDP proposed actions in response to evaluation findings.

53. On regional human development reports, delegations highlighted the importance of an independent HDRO in orienting global development discussions toward a human-focused approach. They appreciated UNDP efforts, as noted in the management response, to disseminate the reports' findings.

54. In response, the IEO Director underscored that the Evaluation Advisory Panel had determined the thematic evaluations to be extremely concrete and of high quality. He stressed IEO preferred to provide fewer but more targeted recommendations. He drew attention to the high calibre of experts assuring quality control of evaluations.

55. The Director, Bureau for Policy and Programme Support, UNDP, highlighted that MDG implementation had been a completely new undertaking that proved to be a learning-by-doing process pointing to the need for: (a) a financing framework, which led to the International Conference on Financing for Development; and (b) an advocacy tool, which led to the United Nations Millennium Campaign. Similar tools would now precede the SDGs to facilitate their implementation. The third element

was lack of multilateral financial support from the World Bank, which had created its own mechanism (poverty reduction strategy papers), de facto launching a separate normative framework. Experience had shown that citizens wished to be involved in the open, transparent process of the post-2015 agenda. UNDP was ready to work with delegations to set up an evaluation review framework and support evaluations at global, regional and national levels.

56. The Executive Board adopted decision 2015/8 on the 2014 annual report on evaluation; the report on the evaluation of the contribution of global and regional human development reports to the public policy process and the management response; and the report on the evaluation of the role of UNDP in supporting national achievement of the MDGs and the management response.

VII. United Nations Capital Development Fund

57. The Director, Bureau of Management, UNDP, introduced the item. The Executive Secretary, United Nations Capital Development Fund (UNCDF), presented the annual report on results achieved in 2014 (DP/2015/21) and offered perspectives for 2015.

58. Board members commended the Executive Secretary for her leadership and reaffirmed their strong support for UNCDF within the United Nations development system and within the context of the post-2015 agenda. They underlined the Fund's critical ability to provide and boost the quality of grants, loans and credit to public and private partners and local authorities in the developing world, especially in LDCs, small-island developing states, and fragile and conflict-affected countries. They highlighted the Fund's ability to drive innovation and adapt to rapidly changing circumstances – particularly pertinent for the Third International Conference on Financing for Development. There was the call for UNCDF to ensure the ultimate purpose of its activities was poverty reduction.

59. Pointing to the need to target official development assistance to those most in need, delegations highlighted the unique UNCDF ability to deliver on 'smart aid' key elements: bolstering countries' capacity to generate their own domestic resources and leverage other sources of funding, whether public, private, domestic or international. With its inclusive investment mandate, the Fund was well positioned to help LDCs mobilize, allocate and invest resources for local investment. With tight private sector partnerships, UNCDF had the capability to leverage resources and know-how in places the private sector had previously not served.

60. Delegations expressed appreciation for UNCDF mainstreaming of gender equality, women's economic empowerment, food security, basic services provision and climate change adaptation approaches into community-based planning. Attention was drawn to the UNCDF CleanStart global programme – part of the Partnership Framework for Inclusive Growth and Sustainable Development and one of the Fund's sustainable-energy-for-all initiatives – that offered risk capital and technical advice to microfinance institutions and energy enterprises in an effort to replicate low-cost clean energy solutions, with potential to scale up and impact base-of-pyramid energy markets.

61. Board members appreciated the Fund's strong commitment to quality programming, transparency and accountability for results, and supported its 2014 organizational change to be fit-for-purpose for post-2015. They drew attention to the Fund's commendable track record of achieving an average 1:4:10 leverage ratio of core and non-core to domestic and other investment resources. Board members strongly appealed for crucial funding to UNCDF so it could ensure its vital work in LDCs, and noted with concern the decrease in core resources from 2013 to 2014, falling short of the $25 million needed to sustain its presence in 40 LDCs. They requested that UNCDF organize regular informal consultations with Board members to raise awareness of its mandate and budget constraints.

62. In response, Executive Secretary, UNCDF, underscored the Fund's readiness to work with Member States to construct models allowing UNCDF to serve the maximum number of LDCs during their graduation period and help them achieve inclusive growth targets. UNCDF looked forward to working with Board members on scenarios to scale up its presence in 40 LDCs, and engage in innovative partnerships aimed at designing solutions to development challenges.

63. The Executive Board adopted decision 2015/9 on the report on results achieved by UNCDF in 2014.

UNFPA segment

VIII. Statement by the Executive Director and annual report of the Executive Director

64. The UNFPA Executive Director, in his statement to the Executive Board (available on the UNFPA website), highlighted 2015 as critical for the future global development agenda. UNFPA had made good progress in 2014, the first year implementing its strategic plan, 2014-2017, as described in his annual report: progress made in implementation of the UNFPA strategic plan, 2014-2017 (DP/FPA/2015/5 Part I and annexes), the statistical and financial review (DP/FPA/2015/Add.1 Part I) and the UNFPA report on the recommendations of the Joint Inspection Unit in 2014 (DP/FPA/2015/5 Part II).

65. While the world was on track to achieve many MDGs, growing inequality threatened gains and heightened post-2015 challenges to reach those most in need through transformational, inclusive sustainable development, as the International Conference on Population and Development (ICPD) had recognized. Youth stood at the heart of the solution: capitalizing on the demographic dividend would trigger rapid growth and social advancement. Success required countries to make investments in: (a) sexual and reproductive health and reproductive rights, including family planning and contraceptive services; (b) human capital development, empowering, educating and employing youth; (c) adolescent girls, advancing gender equality and women's and girls' empowerment; and (d) evidence-based analysis of population trends to seize opportunities of changing demographic structures. Member States' support was critical to positioning UNFPA to address those issues and guaranteeing their integration in the post-2015 agenda. UNFPA was working to improve its delivery of results through a strengthened results framework, a new business model and better funding arrangements.

66. In 2014, UNFPA responded to 34 humanitarian crises and five level-three emergencies (in the Central African Republic; Iraq; the Philippines; South Sudan; and the Syrian Arab Republic), implementing its new generation humanitarian strategy, including the minimum initial service package. The Fund reached some 5.4 million women and girls in crises worldwide with psychosocial support and reproductive health services, including on gender-based violence. It was on the ground in Ebola-affected countries of Guinea, Liberia and Sierra Leone. In 2014, UNFPA launched its road map to accelerate achievement of maternal and newborn survival to reach MDGs 4 and 5, and maintained steady progress on 89 per cent of its strategic plan.

67. The Executive Director highlighted the Fund's work to enhance programme effectiveness, improve mobilization, management and alignment of resources, and drive adaptability, including through fit-for-purpose organizational changes. He noted the positive assessment of UNFPA by the Multilateral Organisation Performance Assessment Network (MOPAN) in 2014, and highlighted the global programming system roll-out. In 2014, the Fund had mobilized its highest contribution revenue in history, surpassing the $1 billion mark. UNFPA continued to diversify its resource base and strengthen its engagement with non-traditional donors; he stressed the need to target non-core resources strategically.

68. Board members expressed unwavering support for the Fund's work and the Executive Director's leadership. They commended UNFPA for the progress made during the first year of implementing its strategic plan, 2014-2017, noting it had achieved 80 per cent of targets. That showed how the Fund's new

programme management system and integrated results and resources framework had the potential to provide better impact evidence for its work, including at global and regional levels. Noting the 2014 MOPAN assessment of the Fund's positive trend in organizational efficiency and effectiveness, delegations encouraged UNFPA to strengthen data collection, analysis and risk assessment for better evidence-based planning, reporting and evaluation through training, and to improve output indicators in the run-up to the strategic plan's 2016 midterm review. One delegation called for UNFPA to analyse implementation challenges and costs to ensure more effective, efficient implementation, while another called for the Fund to present, in future annual reports, output progress toward expected outcomes, with related costs, and to make the narrative more results-focused and analytical.

69. Board members commended UNFPA for its commitment to Family Planning 2020, an important vehicle for providing women and girls access to safe contraceptive services; but noted the initiative needed greater resources and more secure reproductive health commodities to ensure complete success. They urged UNFPA to identify global programme shortfalls and rally the international community to close them. They stressed that meaningful progress in key work areas required integrating universal sexual and reproductive health and reproductive rights. Safe abortion, some noted, should be part and parcel of that package, including stronger measures to ensure inclusion of the marginalized.

70. Delegations saw UNFPA as a key partner in helping countries attain lagging MDG5 targets A and B; champion ICPD principles; and capitalize on the demographic dividend in the post-2015 context, given its strong youth focus. A key UNFPA priority in 2015, they said, was helping Member States identify concrete ways to achieve the SDGs and targets related to population and development – especially sexual and reproductive health and reproductive rights and gender equality, whose omission in the MDGs had been a costly mistake. They encouraged the Fund to pursue progress of performance indicators in the United Nations System-wide Action Plan on Gender Equality and the Empowerment of Women.

71. Delegations were confident UNFPA would continue to align with programme countries' needs and priorities and remain committed to national ownership while helping countries to build capacity. They noted with appreciation UNFPA fundraising efforts, leading to the highest contribution revenue in its history and an increase in core resources in 2014, and encouraged the Fund to explore different funding channels and wider partnerships. They called on Member States to honour funding commitments and increase core contributions, while encouraging UNFPA to address the negative impact of exchange rate fluctuations.

72. A few delegations expressed concern over the inability of the Commission on Population and Development to reach consensus at its 48th session, and proposed that UNFPA work with the commission to review its methodology and procedures. They viewed UNFPA as the champion of the ICPD Programme of Action, the achievement of which was key to making the post-2015 agenda transformative, and urged UNFPA to lead the international community's response.

73. Many delegations commended UNFPA for its reproductive health and reproductive rights work in humanitarian settings, especially in Ebola-affected countries, and encouraged it to continue to show leadership in embedding gender-based violence prevention in humanitarian response planning and implementation, through its role as the inter-agency coordinator on gender-based violence. They commended the Fund for mobilizing contact tracers and supplies and equipment for infection prevention, and supporting women and girls through reproductive health and reproductive rights services. They noted with appreciation the integration of sexual and reproductive health and reproductive rights in the Sendai Framework for Disaster Risk Reduction, 2015-2030. They commended UNFPA for its unique ability to galvanize a common agenda and support for South-South cooperation.

74. In response, the Executive Director highlighted the Fund's swift response to the May 2015 earthquake in Nepal. UNFPA was prepared to support Member States to achieve consensus in the Commission on

Population and Development; political will required both UNFPA results on the ground and programme countries integrating ICPD principles in national planning. He reiterated the importance of capitalizing on the demographic dividend, which, once accomplished, would engender the second demographic dividend on aging (a society's ability to take care of its elderly) – an important issue on which UNFPA was prepared to work with Member States. UNFPA was ready to work with partners on improving reproductive health commodity security and the related issue of domestic resource mobilization.

75. He highlighted that UNFPA had improved its operational effectiveness and strengthened programme delivery through a number of initiatives: conducting a study of its humanitarian activities and establishing a rigorous process through which it vetted implementing partners, focusing on accountability and fund management. In the context of the System-wide Action Plan on Gender Equality and the Empowerment of Women, UNFPA focused its energies on ending child marriage. On improving outcome indicator targets' threshold, the Fund would analyse, in 2016, its annual report against 80 per cent of its milestones. The corporate restructuring exercise had made the Fund better equipped to mobilize resources and implement the ICPD Programme of Action; UNFPA looked forward to discussing the draft resource mobilization strategy with the Board.

76. The Board adopted decision 2015/10 on the report of the Executive Director: Progress in implementation of the UNFPA strategic plan, 2014-2017.

77. The Executive Board took note of the statistical and financial review, 2014 (DP/FPA/2015/5 Part I/Add.1).

78. The Executive Board took note of the UNFPA report on the recommendations of the Joint Inspection Unit in 2014 (DP/FPA/2015/5 Part II).

IX. Evaluation

79. The Director, Evaluation Office, UNFPA, presented the annual report on evaluation for 2014 (DP/FPA/2015/6 and annexes), and the UNFPA Deputy Executive Director (Programme) presented the management response (DP/FPA/2015/CRP.1). Board members welcomed UNFPA efforts to translate the revised evaluation policy into practice in planning and management, internal monitoring and evaluation capacity building. They welcomed the greater diversity of country and regional evaluations, which engendered more evidence-based approaches, and strongly encouraged the Evaluation Office, in coordination with management, to provide clear guidance for strategic evaluation planning and management, in line with predetermined criteria, at central and decentralized levels.

80. Delegations were pleased with the improved evaluation quality rating, noting evaluation quality and information reliability were key to allowing UNFPA to adjust to evolving country needs. They strongly supported Evaluation Office efforts to integrate United Nations System-wide Action Plan for Gender Equality and the Empowerment of Women evaluation indicator reporting tools into existing quality assurance mechanisms. They welcomed the joint evaluation on gender equality joint programmes and encouraged UNFPA to continue to cooperate with UNDP, UNICEF and UN-Women to build on lessons and progress in making joint programmes coherent, efficient, relevant and sustainable in national contexts. Stressing the importance of disseminating and institutionalizing evaluation lessons, they viewed the management response tracking system as a key instrument that UNFPA should strengthen to determine how much it used evaluation results to support organizational decision-making.

81. Highlighting that the evaluation budget fell below the threshold allocation of 3 per cent of programme budget, delegations welcomed Evaluation Office and management efforts to find a practical approach to disaggregate and track expenditures for evaluation separately from monitoring expenditures. They supported efforts to ensure non-core funded programmes allocated adequate resources to evaluation to

relieve the institutional budget. Emphasizing that broad coverage of quality evaluations depended on core and non-core resources and human expertise, they welcomed, in addition to junior professional officers and secondments, the proposed capacity development strategy. National capacity building was a resource intensive practice that required a coherent approach that valued network building among national and regional expertise. They encouraged the Evaluation Office to work through the United Nations Evaluation Group (UNEG) and EvalPartners, and to capitalize on 2015 Year of Evaluation opportunities, to explore joint approaches that increase efficiency and effectiveness of regional and national-level evaluation capacity building.

82. In response, the Director, Evaluation Office, UNFPA, reiterated that the office aimed to continue improving evaluation planning and management throughout UNFPA. That would be reflected in the evaluation workplan and budget presented at the second regular session 2015. The new workplan and budget would set out evaluation financing principles to ensure clarity and transparency and balance allocation of evaluation resources from the institutional and organizational budgets. In 2015-2016, the office was working on developing comprehensive evaluation guidance and improving the evaluation quality assurance system, including for evaluations the Evaluation Office conducted. The Director recognized the importance of joint evaluations and working in support of independent United Nations system-wide evaluations; in 2015, UNFPA was actively engaged in one of two pilot system-wide evaluations focused on United Nations support to country-level statistical capacity. The planned capacity development strategy was a crucial step in building evaluation capacity at headquarters, regional and country levels, which helped to build national evaluation capacities, and on which the office was engaged with UNEG.

83. The Deputy Executive Director (Programme), UNFPA, highlighting commitments in the strategic plan, 2014-2017, drew attention to its more robust, indicator-based theories of change that included building a results chain from global to country levels, thereby tagging country-level activities back to the theory. That chain allowed UNFPA to monitor in an impartial, objective, measurable way how it adhered to its theories of change and if those theories were delivering along the anticipated path of change. That chain allowed the Fund to determine the success of the strategic plan's more upstream approach focused on national capacity development. Similarly, the UNFPA financial and human investment in evaluation was built into the integrated results framework and budget, allowing the Fund to more easily readjust and build on evaluation lessons. UNFPA was committed to quality country programme and thematic evaluations that informed decision-making at all levels.

84. The Executive Board adopted decision 2015/11: Annual report on evaluation, 2014.

X. Country programmes and related matters

85. The UNFPA Deputy Director (Programme) provided an overview of the new country programme documents for Armenia (DP/FPA/CPD/ARM/3), Turkmenistan (DP/FPA/CPD/TKM/4) and Uganda (DP/FPA/CPD/UGA/8); and the country programme extensions for Lebanon, Papua New Guinea, Somalia, the United Republic of Tanzania, the Syrian Arab Republic and Yemen (DP/FPA/2015/9). She emphasized the importance of national ownership and the consultative process undertaken by governments with UNFPA support during the preparation of the country programmes.

86. Following her statement, the regional directors for East and Southern Africa and for Eastern Europe and Central Asia presented the country programmes from their respective regions; next, the regional directors for the Arab States and for Asia and Pacific presented the three country programme extensions for approval, from their respective regions.

87. Observing that it was fundamental that country programmes be aligned with national priorities and national programming cycles, one delegation noted that its Government had made the necessary

arrangements to align the country programmes of UNDP and UNFPA with the country's national development plan, 2014-2018.

88. In accordance with its decision 2014/7, the Executive Board approved the country programme documents for Armenia, Turkmenistan and Uganda.

89. The Executive Board approved the second one-year extension of the country programme for Lebanon, the two-year extension of the country programme for Papua New Guinea, and the fourth one-year extension of the country programme for the Syrian Arab Republic. It took note of the first one-year extensions of the country programmes for the United Republic of Tanzania, Somalia and Yemen.

UNOPS segment

XI. Statement by the Executive Director and annual report of the Executive Director

90. The Executive Director, UNOPS, presented her annual report (DP/OPS/2015/2 and annexes): highlighting progress against the strategic plan, 2014-2017; emphasis on sustainability, focus and excellence; and expertise in building management and implementation capacity. In 2014, UNOPS provided services in development, humanitarian and peacebuilding settings, focused on national capacity development; equitable economic growth; social justice and inclusion; and environmental impact mitigation.

91. Demand for UNOPS services in 2014 was stable, supporting over 1,200 projects in more than 80 countries, often in challenging environments. UNOPS contributed to expanding partners' capacity in construction and rehabilitation; urban planning; provision of medical supplies; health, human rights and gender training – including generating paid work for local labour. Half of UNOPS delivery in 2014 was for the United Nations system; the largest the Department for Peacekeeping Operations. Its 2014 partner survey indicated an over 75 per cent satisfaction rate. In 2015, UNOPS was named chair of the International Recovery Platform at the Third World Conference on Disaster Risk Management, and was awarded the gold certificate in sustainable procurement. It helped countries arrange new partnerships and access innovative funding from non-traditional donors and private investors, including through impact investment.

92. UNOPS was eager to invest in sustainability reporting, through the Global Reporting Initiative, and explore ways to address climate change. UNOPS regularly trained staff in project management, infrastructure discipline and procurement operations and had instituted an emerging leaders programme to develop talent. UNOPS was engaged in exploring technological innovations and upgrading its information technology systems to ensure smarter, agile, integrated processes for global reach and efficient risk management. It worked hard to enhance its systems for managing strategic and operational risks and organization-wide compliance.

93. Board members commended UNOPS for its 2014 performance and welcomed its increased project delivery, especially in challenging environments. They applauded the organization's responsible financial stewardship, benchmarking against international standards, expanding work into disaster risk reduction, work in risk management, and efforts to improve staff training and working conditions. Noting its efforts to mainstream gender, they sought information on the gender survey conclusions. They appreciated that in 2014, over one third of UNOPS projects had created paid work for local labour, and encouraged it to expand that trend to bolster development impact.

94. Delegations encouraged UNOPS to expand multi-faceted partnerships with local development actors throughout project lifecycles so local citizens could derive maximum benefits; UNOPS exploration of

impact investment initiatives was a positive step. They highlighted that UNOPS worked differently from other United Nations organizations, deriving income from services and offering a flexible management service fee; UNOPS procurement services created value for money. They encouraged United Nations organizations to trust UNOPS for their procurement needs. They were keen to learn how UNOPS engaged with United Nations organizations to establish common services, given its procurement expertise and potential for Delivering-as-One operations.

95. On results reporting, commending its sustainability reporting, they noted the annual report's output-focus and called for clarity on how UNOPS planned to develop the results framework, in line with new United Nations formats, to gauge outcomes and impact. They sought an update of UNOPS efforts to design a sustainability screening tool, and speculated if United Nations organizations could use the tool in SDG follow-up activities. They asked UNOPS to elaborate on future challenges, priority setting, and plans to work on disaster risk reduction and resilience building in disaster-prone countries.

96. In response, the Executive Director highlighted that as a not-for-profit organization UNOPS faced challenges demanding strong risk management. Exploring new funding approaches and ways of partnering was key to a strong, relevant UNOPS and did not in imperil work in its mandated areas. UNOPS would pursue highest quality standards through international certification and explore new approaches to challenges. The Global Reporting Initiative was part of its larger work designing a sustainability screening tool for planning and reporting. UNOPS had a web-based tool to track its procurement activities, including its collaborative procurement and common services with United Nations organizations. UNOPS was pursuing better procurement reporting, on which it would report at the second regular session 2015. UNOPS was keen to work with partners to explore better ways to address and report on disaster risk reduction and resilience building for disaster-prone countries.

97. The Executive Board adopted decision 2015/12 on the annual report of the Executive Director.

Joint segment

XII. Internal audit and oversight

98. The Director, Office of Audit and Investigations (OAI), UNDP, introduced the UNDP report on internal audit and investigations for 2014 (DP/2015/22 and annexes). The Director, Office of Audit and Investigation Services (OAIS), UNFPA, introduced the UNFPA report on internal audit and investigation activities for 2014 (DP/FPA/2015/7, DP/FPA/2015/7/Add.1 and annexes). The Director, Internal Audit and Investigations Group (IAIG), UNOPS, introduced the UNOPS activity report for 2014 (DP/OPS/2015/3). Presentations were each followed by management responses, delivered respectively by the Associate Administrator, UNDP, the Deputy Executive Director (Management), UNFPA, and Deputy Executive Director, UNOPS.

99. Board members, underscoring the importance of oversight, commended the three offices for their professionalism, high standards, commitment to improving audit and investigation functions quality, and key role assessing their respective organizations' governance, risk management and control framework. Stressing the priority of implementing audit recommendations, they welcomed each organization's progress in addressing internal audit issues and positive steps tackling weaknesses. They welcomed their reports' transparency, accessibility and public availability.

100. A group of delegations: (a) welcomed the reports' details of risk, audit workplan implementation, and investigation and advice-related work, but felt the reports would benefit from commentary on adequacy and effectiveness of the governance, risk management and control framework assessed, in the form of an assurance opinion limited to the risk-based audit undertaken. That would align the reports with international standards, enhance their value internally and provide delegations a clearer understanding of

systemic risks, which endangered strategic objectives, and of minor risks, which were easier to solve. It allowed for better-informed choices around risk appetite and resourcing. In situations where an opinion was unfeasible, delegations sought clarification and speculated about developing an opinion in future; (b) on resourcing, noting the inclusion of staffing and resourcing, they stressed that UNDP and UNFPA management should prioritize provision of adequate financial and human resources to their audit and investigation offices and requested they include in future reports a statement specifying whether resources were appropriate for undertaking activities effectively; and (c) welcomed the risk-based approach, especially OAIS risk assessments, and looked forward to the same in future OAI reports, while noting the UNFPA longer audit cycle for high risk areas when compared to other United Nations organizations.

101. Delegations welcomed Chief Executive Board adoption of the 'three lines of defence' model in effective risk management and control for the United Nations system, and looked forward to an assessment of whether UNDP and UNFPA first and second lines of defence offered adequate assurance. They appreciated the adopted framework for joint internal audits of joint United Nations activities, while underscoring that joint audits were crucial to ensure accountability in multi-partner funding mechanisms, which should become an important funding source for the United Nations development system post-2015.

102. Board members drew attention to a number of common recurring issues in programme, financial and inventory management, staff capacities, national implementation and execution, procurement and around Delivering as One. They welcomed steps each organization was taking to address those challenges, encouraged them to intensify efforts, and were interested in learning if more corporate process audits were considered, especially for higher risk issues. They expressed concern with recurring vacancies in audit and investigation offices, and encouraged the organizations to jointly review recruitment processes and keep the Board updated.

103. Delegations welcomed the organizations' follow-up to fraud and allegations of wrongdoing, and appreciated the heightened focus on external and internal fraud, the rise in finalized cases, the number of investigation reports prepared and management letters issued; they welcomed enhanced sharing of lessons from investigations. While noting its challenges, Board members acknowledged the amount of defrauded funds actually recovered and urged the organizations to take measures to ensure recoveries; they asked that future reports include details of recoveries from previous years.

UNDP

104. Board members welcomed OAI confirmation it was able to effectively perform planned audit and investigation activities with available resources. On the risk-based approach, they welcomed OAI initiatives, including the launch of the proactive investigation model and pilot performance audit approach to address problems before they spread, and targeted work on systems and processes for efficiency, effectiveness and support to strategic objectives. They welcomed work on developing policy frameworks and guidelines and support for social and environmental compliance. They pointed to recurring audit-identified UNDP weakness in procurement, and stressed the importance for related procedures, decisions and practices to be transparent, fair and aligned with rules. They encouraged UNDP to intensify implementation of outstanding audit recommendations, especially on human resources.

UNFPA

105. Board members commended the Director, OAIS, for her active role as Vice-Chair of the United Nations Representatives of Internal Audit Services (UN-RIAS) for joint audits and as UNDG focal point.

106. They were pleased with the drop in audit recommendations in office governance and operations management, but concerned about audit ratings in programme management, including for nationally executed projects. They welcomed efforts to address performance management issues in country offices

and lack of alignment between country and regional offices, and looked forward to the revised organizational handbook. They encouraged UNFPA to take steps to ensure organization-wide compliance with existing programme management guidelines. They reiterated concern at the absence of a comprehensive approach to risk management and asked for updates on setting up a comprehensive enterprise risk management system, urging management to coordinate its risk management strategy with revisions to the internal control framework.

107. Regarding investigation, there was concern at the number of outstanding cases overall and of complaints dealing with harassment, abuse of authority, fraud, financial irregularities and conflict of interest; they urged UNFPA to take a zero-tolerance policy in addressing them. Noting investigations' growing complexity and time-consuming nature, delegations expressed concern at OAIS reliance on external consultants.

108. On office capacity, noting the negative impact vacancies had on ability to undertake internal audits and investigations (2014 audit coverage and audit cycle length were below levels stipulated in the revised charter and lower than other organizations), and noting OAIS challenges in keeping track with rising investigation numbers, delegations requested that UNFPA set aside sufficient resources for internal audit and investigation and stressed the need for effective recruitment and entry-on-duty processes. They looked forward to a presentation at the second regular session 2016 of actions management would take to ensure OAIS ability to perform its internal audit and investigation mandate and provide assurance and coverage, as per decision 2015/5, paying due attention to the balance between core activities and advisory services.

UNOPS

109. Delegations were pleased with the improved follow-up to audit recommendations, but concerned at the rise in procurement-related recommendations. They encouraged management to reverse that development and pursue enhanced procedures. They requested that IAIG periodically report on the legal framework review results for cases where compliance was unmet in order to make adjustments and strengthen investigation capacity to address fraud, financial irregularities and conflict of interest. Noting the rise in internal audit recommendations, they encouraged UNOPS to streamline efforts to improve them, including greater effectiveness, transparency, accountability, and optimization of financial, technological and human resources. They urged UNOPS to continue to collaborate with United Nations organizations in those areas and enhance synergies for enhanced accountability. They stated that the UNOPS Audit Advisory Committee should have the same function and have its members appointed in the same way as similar committees in UNDP and UNFPA.

Management responses

110. In response, the Associate Administrator, UNDP, highlighted that UNDP was implementing a range of initiatives to address procurement, including staff capacity building, policy reviews, refinement of real space approach, focused support to high risk countries, relocation of staff to regions. On fraud, she noted that out of the $6.1 million loss, $5.2 million related to another United Nations organization, so that UNDP only incurred a $900,000 loss. UNDP was committed to improving procurement planning and oversight and to addressing audit and investigation recommendations.

111. The Deputy Executive Director (Management), UNFPA, stressed on resourcing of audit and investigation that UNFPA was committed to working with the Board to find a financing model when it submitted its 2016 budget revision. UNFPA would keep the Board updated on lessons of its enterprise risk management, and very much embraced a risk management culture organization-wide. She underlined that a caseload increase did not necessarily imply a rise in wrongdoing findings, in particular regarding alleged cases of fraud, conflict of interest and others; UNFPA monitored the issue closely, buttressed by its zero tolerance policy, to address substantiated claims.

112. The Deputy Executive Director, UNOPS, stressed UNOPS committed to addressing procurement-related recommendations and reiterated that increased caseload did not necessarily imply a rise in procurement recommendations. UNOPS actually welcomed a rise in procurement recommendations since it was a key work area. He underscored UNOPS commitment to re-establishing its Audit Advisory Committee in pursuit of better governance.

113. The Director, Office of Audit and Investigations, UNDP, noted that UNDP was ready to provide the Board resource-related information and simultaneously draw attention to any concerns about office effectiveness. He endorsed the proposal to share a more comprehensive risk assessment with the Board in annual reports and, while agreeing to supply an assurance opinion, it was critical to base the opinion on the risk-based audits performed.

114. The OAIS Director, UNFPA, drew attention to two types of audit opinion: (a) *limited*, focused on government, risk management and control processes based on work undertaken; and (b) *positive*, capturing an organization's entire universe, providing assurance on government, risk management and control processes to fulfil corporate objectives. The latter was difficult to undertake, given resources and work required, but possible to consider as long as expectations of limited or positive assurance were managed in advance. On resource adequacy, OAIS was ready to engage with management and the Board during budget discussions on audit coverage; the strengths of the first and second lines of defence were related to audit coverage. Audit standards would be spelled out in future reports, instead of referring to the charter; UN-RIAS had contributed to developing new legal instruments for United Nations joint activities, which were close to completion. On investigation, she stressed increased caseload did not necessarily relate to behavioural norms issues but pointed to different possible hypotheses (if individuals felt more comfortable coming forward or not), and confirmed the Fund's strict zero tolerance policy.

115. The Executive Board adopted decision 2015/13 on the internal audit and investigations reports of UNDP, UNFPA and UNOPS.

XIII. Reports of the UNDP, UNFPA and UNOPS ethics offices

116. The Director, Ethics Office, UNDP, presented the activities of the UNDP Ethics Office in 2014 (DP/2015/23) and the Associate Administrator, UNDP, presented the management response. The Ethics Advisor, Ethics Office, UNFPA, presented the report of the UNFPA Ethics Office for 2014 (DP/FPA/2015/8) and the Deputy Executive Director (Management), UNFPA, presented the management response. The Legal Counsel, UNOPS, presented the activities of the UNOPS Ethics Office in 2014 (DP/OPS/2015/4) as well as the management response.

117. On UNDP, Board members appreciated the Ethics Office's contributions to fostering a corporate culture of ethics, integrity and accountability, and urged it to continue to work with management to ensure that culture took root. They commended the office for continuing to develop innovative approaches, despite resource constraints, and urged management to prioritize Ethics Office funding so it could function effectively, especially in response to rising demand for ethics training and counselling. They welcomed new and ongoing initiatives, such as webinars, peer-training networks, online courses, and the new ethics code roll out, which helped to meet best practices via user-friendly, engaging designs suitable to the unique United Nations ethical context. Noting the 28 per cent rise in total requests in 2014, they commended the Ethics Office for its aggressive awareness campaign, including management promotion of speak-up culture and implementation of Ethics Office recommendations. While acknowledging ongoing efforts, delegations urged management to address recurring staff perception that senior managers were not held to the same ethical standards as staff, and requested periodic updates on its actions.

118. On UNFPA, delegations, acknowledging the Executive Director's commitment to Ethics Office work, urged management to create a work environment that promoted ethical behaviour and a speak-up culture.

Recognizing that 2014 was challenging for the office, owing to internal vacancies and transitions, they appreciated its determination to fulfil its mandated activities. Delegations were pleased with staff compliance with the financial disclosure policy, while encouraging the Ethics Office to ensure staff fully understood its requirements. Board members looked forward to the 2015 online ethics course and encouraged the office to apply lessons and best practices so the course was more user-friendly and suitable to the Fund's unique ethical context.

119. On UNOPS, delegations commended the organization's commitment to briefing staff on their protection against retaliation under the whistle-blower protection policy, a critical step that prevented misconduct, promoted a culture of accountability, and encouraged a speak-out culture. They appreciated the 2014 survey's expanded scope on integrity, ethics and fraud, and encouraged UNOPS and the Ethics Office to build on its results to strengthen ethics services. Noting the importance of United Nations ethics coordination, they welcomed the Ethics Officer's participation as Vice-chair of the Ethics Network of Multilateral Organizations.

120. Overall, Board members urged management of the three organizations to ensure whistle-blower protection from retaliation and to hold perpetrators accountable.

121. The Executive Board adopted decision 2015/14 on the reports of the ethics offices of UNDP, UNFPA and UNOPS.